

Executive Summary Report

Appraisal Date 1/1/06 - 2007 Assessment Roll

Specialty Name: Waterfront Properties (Area 12) Lake Union to Shilshole

Sales – Improved Analysis Summary:

Number of Sales: 9

Range of Sales Dates: 7/30/04-12/15/06

Sales – Ratio Study Summary:

	Mean Assessed Value	Mean Sale Price	Ratio	COV*
2006 Value	\$2,967,200	\$3,272,900	0.907	25.55%
2007 Value	\$3,207,500	\$3,272,900	0.980	8.73%
Change	+\$240,300		+0.073	-16.82%
% Change	+8.09%		+8.05%	-65.83%

*COV is a measure of uniformity, the lower the number the better the uniformity.

The negative figures of -16.82% and -65.83% represent an improvement.

Sales used in Analysis: All sales verified as good were included in the analysis.

Total Population - Parcel Summary Data:

	Land	Imps	Total
2006 Value	\$1,063,065,500	\$152,585,400	\$1,215,650,900
2007 Value	\$1,236,303,600	\$163,050,400	\$1,399,354,000
Percent Change	+16.3%	+6.86%	+15.11%

Conclusion and Recommendation:

The total number of the sales sample is noted to be low for standard regression analysis, however since the values recommended in this report improve uniformity and equity, we recommend posting them for the 2007 Assessment Roll.

Analysis Process:

Specialty Area 12

Commercial Waterfront Properties

Highest and Best Use Analysis

As if vacant: Market analyses of the area, together with current zoning and current and anticipated use patterns, indicate the highest and best use of the land.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and therefore are the highest and best use of the property as improved. In those properties where the property is not at its highest and best use a token value of \$1,000 is assigned to the improvements.

Special Assumptions, Departures and Limiting Conditions

The sales comparison, income and cost approaches to value were considered for this mass appraisal valuation.

The following Departmental guidelines were considered and adhered to:

- Sales from 1/2004 to 12/2006 (at minimum) were considered in the analyses.
- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of multiple years of market information without time adjustments averaged any changes over that time period.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Description & Boundaries: The Waterfront Specialty area consists primarily of the commercially zoned waterfront properties of Seattle located from Portage Bay to Shilshole. The neighborhoods include the waterfront areas of Ballard, north Magnolia, Fremont, Portage Bay and Lake Union. The Elliott Bay Marina and adjacent Pier 90/91 properties are also included. Residential use properties, including houseboats are not included within this specialty.

Maps: A GIS map of the entire area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Land Value:

Land sales, analysis, conclusion

The land valuation criteria consisted of a review of all vacant land sales within Area 12 between 1/2004 through 12/2006. No new market waterfront land sales were known to have occurred during this period therefore historical land sales and adjacent neighborhoods sales with similar zoning were considered for this revalue. Sale prices of improved waterfront parcels and adjacent neighborhood land sales suggest the land within this specialty area has increased in value.

The current land use within this Specialty includes a wide variation of property types. The area includes a mixture of commercial/industrial uses such as marinas, shipyards, office buildings and restaurants adjacent to residential condominiums and houseboats. South Lake Union continues to undergo the major renovation tied to the city center redevelopment in the retail, office and condominium markets. The Ballard/Magnolia marine industrial properties are showing few improvements in the traditional fishing industry but are showing signs of alternative marine related uses for the properties.. The popular recreational parks of Gasworks, Golden Gardens, and Discovery Parks are included with this Specialty area.

The zoning for this Specialty is primarily an Industrial/ Commercial use emphasizing marine use activity. It includes Commercial (C1 & C2), Industrial Commercial (IC), General Industrial (IG), and a Major Institution Overlay (MIO). Properties within this Waterfront Specialty are regulated by the City of Seattle's commercial shoreline Marine Use Policy and overlay. The intended use of this policy is to support and preserve the continued use of suitable shoreline areas for water dependent uses and related businesses. Factors included in this revalue, along with the shoreline policy, were location, zoning, total lot size, upland and submerged square footage, front footage, and related available data for the individual properties. The new land values were derived considering these factors when reviewing the vacant land and improved sales.

For land valuation purposes, the assessor used GIS (Geographic Information System) as the primary tool to establish new assessed land values.

The recommended land value for the 2007 Assessment year) results in an average total change from the 2006 Assessments of +16.3%. The total land assessed value for the 2006 Assessment year for Area 12 was \$1,063,065,500 and the total recommended land assessed value for the 2007 Assessment year is \$1,236,303,600.

Improved Parcel Total Values:

Sales comparison approach model description

The model for sales comparison was primarily based on several data sources from the Assessor's records including LUC (land use code), net rentable area, effective year, condition, and sales price/ rentable area. A search was made on data that most closely fit a subject property within each geographic area. All sales were verified when possible by calling either the purchaser, seller, or agent, inquiring in the field, or using the CoStar COMPS services. Characteristic data was verified for all sales if possible. A list of the sales are included within this report.

Sales comparison calibration:

After an initial search for comparable sales within each geographic area, a search is made in neighboring areas and expanded to include all of King County if necessary.

Cost approach model description

A cost approach was available using the Marshall & Swift Commercial Estimator. Depreciation was also based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area.

Cost calibration:

Each appraiser valuing by cost can individually calibrate Marshall-Swift valuations to specific buildings in our area by accessing the parcel computerized valuation model supplied by Marshall & Swift.

Income Capitalization Approach Model Description

The income data for the improved waterfront specialty properties were derived from similar waterfront properties when ever possible. Additional income data for non-waterfront properties, including office buildings and restaurants, were also considered where applicable.

Income approach calibration:

The models were calibrated after setting the base rents by using adjustments based on size, effective age, construction class and quality as recorded in the Assessor's records. The individual property valuation information is available within Assessor records. Additional factors considered were excess land, economic units, or unique features with the property.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

The values for all parcels were individually reviewed by the specialty appraiser before the final value was selected.

Physical Inspection Area

50 properties located in the Ballard area were included for the physical inspection review.

Model Validation

Preliminary Ratio Analysis

A Preliminary Ratio Study was done in June 2007.

The study including sales of improved parcels was performed and showed a COV of 25.55%.

A Ratio Study was completed after deriving the 2007 assessment year values. The results are included in the validation section of this report and show an improvement in the COV from the previous rate of 25.55% to a new rate of 8.73 %.

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust particular characteristics and conditions as they occur in the valuation area.

The Specialty Appraiser recommends application of the Appraiser selected values, as indicated by the appropriate model or method.

The total assessed value for the 2006 assessment year for the Waterfront Specialty properties was \$1,215,650,900. The total assessed value for the new 2007 assessment year is \$1,399,354,000. The total increased by \$183,703,100.

Application of the values for the 2007 assessment year (taxes payable in 2008) results in an average total increase from the 2006 assessments of 15.11%.

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the appropriate district office.

2007 ANNUAL REVALUE REPORT
KING COUNTY DEPARTMENT OF ASSESSMENTS
COMMERCIAL WATERFRONT
AREA 12

RECREATION



INDUSTRIAL



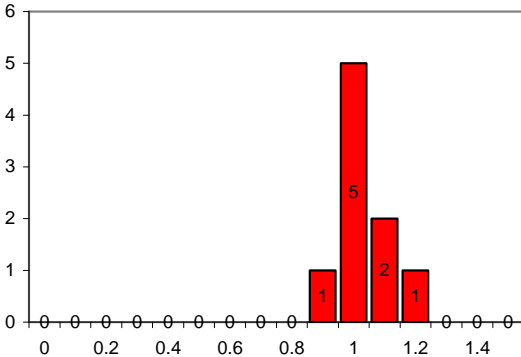
MARINAS



2006 Assessment Year

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:		
East Crew	1/1/2006	6/29/2007	7/30/04 - 12/15/06		
Area	Appr ID:	Prop Type:	Trend used?: Y / N		
12	EPRE	Improvement	N		
SAMPLE STATISTICS					
Sample size (n)	9	<div><div>Ratio Frequency</div></div>			
Mean Assessed Value	2,967,200				
Mean Sales Price	3,272,900				
Standard Deviation AV	5,357,918				
Standard Deviation SP	5,831,054				
ASSESSMENT LEVEL					
Arithmetic mean ratio	0.903	<div>These figures reflect current sales and their effect on the present assessment values</div>			
Median Ratio	1.000				
Weighted Mean Ratio	0.907				
UNIFORMITY					
Lowest ratio	0.4096				
Highest ratio:	1.1433				
Coefficient of Dispersion	14.54%				
Standard Deviation	0.2308				
Coefficient of Variation	25.55%				
Price-related Differential	1.00				
RELIABILITY					
95% Confidence: Median					
Lower limit	0.643				
Upper limit	1.042				
95% Confidence: Mean					
Lower limit	0.752				
Upper limit	1.054				
SAMPLE SIZE EVALUATION					
N (population size)	324				
B (acceptable error - in decimal)	0.05				
S (estimated from this sample)	0.2308				
Recommended minimum:	68				
Actual sample size:	9				
Conclusion:	Uh-oh				
NORMALITY					
Binomial Test					
# ratios below mean:	2				
# ratios above mean:	7				
z:	1.333333333				
Conclusion:	Normal*				
*i.e., no evidence of non-normality					

2007 Assessment Year

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:		
East Crew	1/1/2007	6/28/2007	7/30/04 - 12/15/06		
Area	Appr ID:	Prop Type:	Trend used?: Y / N		
12	EPRE	Improvement	N		
SAMPLE STATISTICS					
Sample size (n)	9	<div>Ratio Frequency</div>  <p>A histogram showing the frequency of ratios. The x-axis is labeled 'Ratio' and ranges from 0 to 1.4 with increments of 0.2. The y-axis is labeled 'Ratio Frequency' and ranges from 0 to 6 with increments of 1. There are four bars: the first bar (ratio 0.9-1.0) has a frequency of 1; the second bar (ratio 1.0-1.1) has a frequency of 5; the third bar (ratio 1.1-1.2) has a frequency of 2; and the fourth bar (ratio 1.2-1.3) has a frequency of 1.</p>			
Mean Assessed Value	3,207,500				
Mean Sales Price	3,272,900				
Standard Deviation AV	5,450,579				
Standard Deviation SP	5,831,054				
ASSESSMENT LEVEL					
Arithmetic mean ratio	1.003	<div>These figures reflect current sales and their effect on the recommended assessed values.</div>			
Median Ratio	1.000				
Weighted Mean Ratio	0.980				
UNIFORMITY					
Lowest ratio	0.9000				
Highest ratio:	1.1927				
Coefficient of Dispersion	5.78%				
Standard Deviation	0.0875				
Coefficient of Variation	8.73%				
Price-related Differential	1.02				
RELIABILITY					
95% Confidence: Median					
Lower limit	0.926				
Upper limit	1.053				
95% Confidence: Mean					
Lower limit	0.946				
Upper limit	1.060				
SAMPLE SIZE EVALUATION					
N (population size)	324				
B (acceptable error - in decimal)	0.05				
S (estimated from this sample)	0.0875				
Recommended minimum:	12				
Actual sample size:	9				
Conclusion:	Uh-oh				
NORMALITY					
Binomial Test					
# ratios below mean:	6				
# ratios above mean:	3				
z:	0.666666667				
Conclusion:	Normal*				
*i.e., no evidence of non-normality					

Sales Used for Area 012

Account Nbr	Property Name	Address	Total NRA	Excise Tax Nbr	Sale Price	Sale Date	Lot Size	Zone	Par. Ct.	WFF	Remarks
018650-0020	ALLISON MARINA SLIP	11 E ALLISON ST	0	2158610	\$240,000	9/16/05	769	C2-40	1	50	Slip Sale
018650-0030	ALLISON MARINA SLIP	11 E ALLISON ST	0	2211151	\$210,000	4/11/06	750	C2-40	1	50	Slip Sale
018650-0040	ALLISON MARINA SLIP	11 E ALLISON ST	0	2254721	\$210,000	12/6/06	749	C2-40	1	46	Slip Sale
046700-0475	SAGSTAD MARINA	5109 SHILSHOLE AVE NW	14,700	2256452	\$2,925,000	12/15/06	51,525	IG1 U/65	1	150	Additional DNR-0477, &-0478
046700-0950	FORMER AZTECA RESTAURANT	6017 SEAVIEW AVE NW	9,601	2076553	\$1,400,000	10/13/04	40,556	C1-40	1	200	Major remodel in progress
117600-1350	BALLARD BAIT Restaurant/Offices	5517 SEAVIEW AVE NW	2,576	2089192	\$1,125,000	12/9/04	2,694	C1-30	1	70	Restaurant/ office
231401-0010	ELLIOTT BAY MARINA SLIP	2601 W MARINA PL	0	2059876	\$140,000	7/30/04	950	C2-40	1	53	Slip Sale
277160-5265	MANEY SEAFOOD BUSINESS	2440 W COMMODORE WY	42,176	2068228	\$5,000,000	8/30/04	274780	IG1 U/45	1	850	Sold with extensive deferred maintenance
408880-3975	HARBORMASTER BUILDING & MARINA	1818 WESTLAKE AVE N	48,160	2102581	\$18,206,357	2/18/05	70,903	C2-40	3	412	Office bldg & Marina
ADDITIONAL SALES											
277160-5309	SALMON BAY MARINE CENTER	2300 W COMMODORE WAY	18,000	2192425	\$6,448,000	3/15/06	97,235	IG1 U/45	6	600	Former Marco site - Major redevelopment in progress
117600-1360	VACANT LAND - CITY OF SEATTLE	BALLARD	0	2010528	\$315,000	12/29/03	7,611	C1-30	1	181	Hillside land sale
408880-1100	WATERFRONT LAND SALE	909 NE BOAT ST	0	1886159	\$1,100,000	5/17/02	22,001	IC-45	1	113	Building constructed after sale
197020-0044	4-PLEX	3304 EASTLAKE AVE E	2520	1985274	\$978,000	9/2/03	6,443	C1-40	1	40	Area 100-70
018650-0050	ALLISON MARINA SLIP	11 E ALLISON ST	0	2269550	\$175,000	3/5/07	750	C2-40	1	50	Slip Sale

231401-0010	ELLIOTT BAY MARINA SLIP	2601 W MARINA PL	0	1954932	\$120,000	4/29/03	950	C2-40	1	53	Slip Sale
735640-0050	ROANOKE REEF SLIP	10 E ROANOKE ST	0	1887332	\$80,000	5/7/02	684	SF-5000	1	44	slip 5
735640-0080	ROANOKE REEF SLIP	10 E ROANOKE ST	0	1870998	\$80,000	2/28/02	662	SF-5000	1	44	slip 8

Sales Not Used for Area 012

Account Nbr	Property Name	ExciseTax Nbr	Sale Price	Sale Date	Lot Size	Zone	Par. Ct.	Ver. Code	Remarks
046700-0715	BARNACLE POINT / STABBERT MARITIME	2214205	\$3,135,000	6/13/06	140,020	IG1 U/65	1	15	Non-Open market included PP drydock/ cranes
766620-1146	PORT OF SEATTLE - PIER 90	2211244	\$7,970,000	6/1/06	250,087	IG1 U/45	1	33	Lease or lease-hold
000735-6420	ROANOKE REEF	2247113	\$1,000	10/31/06	1,325	SF 5000	1	33	Lease or lease-hold
2708700030	GAS WORKS PARK MARINA	2151079	\$400	08/30/05	94,962	IB U/45	1	33	Lease or lease-hold
2708700030	GAS WORKS PARK MARINA	2213225	\$300	06/07/06	94,962	IB U/45	1	33	Lease or lease-hold
2708700040	GAS WORKS PARK MARINA	2153769	\$400	09/08/05	94,962	IB U/45	1	33	Lease or lease-hold
2708700040	GAS WORKS PARK MARINA	2127870	\$400	05/13/05	94,962	IB U/45	1	33	Lease or lease-hold
2708700060	GAS WORKS PARK MARINA	2066484	\$400	08/30/04	94,962	IB U/45	1	33	Lease or lease-hold
2708700110	GAS WORKS PARK MARINA	2262840	\$83,000	01/29/07	94,962	IB U/45	1	33	Lease or lease-hold
2708700120	GAS WORKS PARK MARINA	2099379	\$400	01/31/05	94,962	IB U/45	1	33	Lease or lease-hold
2708700140	GAS WORKS PARK MARINA	2152066	\$400	08/30/05	94,962	IB U/45	1	33	Lease or lease-hold
2708700140	GAS WORKS PARK MARINA	2027971	\$400	03/31/04	94,962	IB U/45	1	33	Lease or lease-hold
2708700150	GAS WORKS PARK MARINA	2236128	\$55,000	09/07/06	94,962	IB U/45	1	33	Lease or lease-hold
2708700150	GAS WORKS PARK MARINA	2079079	\$400	10/22/04	94,962	IB U/45	1	33	Lease or lease-hold
2708700180	GAS WORKS PARK MARINA	2227004	\$300	08/01/06	94,962	IB U/45	1	33	Lease or lease-hold
2708700190	GAS WORKS PARK MARINA	2145242	\$400	08/05/05	94,962	IB U/45	1	33	Lease or lease-hold
2708700210	GAS WORKS PARK MARINA	2094951	\$400	01/03/05	94,962	IB U/45	1	33	Lease or lease-hold
2708700220	GAS WORKS PARK MARINA	2234708	\$100,000	09/01/06	94,962	IB U/45	1	33	Lease or lease-hold
2708700240	GAS WORKS PARK MARINA	2030611	\$200	04/08/04	94,962	IB U/45	1	33	Lease or lease-hold
2708700300	GAS WORKS PARK MARINA	2211883	\$300	06/01/06	94,962	IB U/45	1	33	Lease or lease-hold
2708700350	GAS WORKS PARK MARINA	2253330	\$400	10/18/06	94,962	IB U/45	1	33	Lease or lease-hold
2708700380	GAS WORKS PARK MARINA	2211167	\$400	05/25/06	94,962	IB U/45	1	33	Lease or lease-hold
2708700380	GAS WORKS PARK MARINA	2144746	\$500	08/03/05	94,962	IB U/45	1	33	Lease or lease-hold
2708700390	GAS WORKS PARK MARINA	2205187	\$400	05/04/06	94,962	IB U/45	1	33	Lease or lease-hold
2708700420	GAS WORKS PARK MARINA	2218506	\$500	06/28/06	94,962	IB U/45	1	33	Lease or lease-hold
2708700440	GAS WORKS PARK MARINA	2061610	\$600	07/21/04	94,962	IB U/45	1	33	Lease or lease-hold
2708700450	GAS WORKS PARK MARINA	2156785	\$500	09/20/05	94,962	IB U/45	1	33	Lease or lease-hold
2708700490	GAS WORKS PARK MARINA	2046813	\$500	06/11/04	94,962	IB U/45	1	33	Lease or lease-hold

2708700490	GAS WORKS PARK MARINA	2218617	\$400	06/28/06	94,962	IB U/45	1	33	Lease or lease-hold
2708700500	GAS WORKS PARK MARINA	2034233	\$600	04/27/04	94,962	IB U/45	1	33	Lease or lease-hold
2708700510	GAS WORKS PARK MARINA	2264713	\$400	02/06/07	94,962	IB U/45	1	33	Lease or lease-hold
2708700560	GAS WORKS PARK MARINA	2024654	\$600	03/15/04	94,962	IB U/45	1	33	Lease or lease-hold
2708700590	GAS WORKS PARK MARINA	2198007	\$500	04/04/06	94,962	IB U/45	1	33	Lease or lease-hold
2708700600	GAS WORKS PARK MARINA	2236036	\$500	09/11/06	94,962	IB U/45	1	33	Lease or lease-hold
2708700630	GAS WORKS PARK MARINA	2084981	\$500	11/10/04	94,962	IB U/45	1	33	Lease or lease-hold
2708700690	GAS WORKS PARK MARINA	2120835	\$355,000	05/04/05	94,962	IB U/45	1	33	Lease or lease-hold